

# EXHIBIT 155



## Equity Research

### Corrections Corporation of America

CXW: First Look--South TX Uncertainty Likely To Weigh On Shares

### Market Perform

Sector: Prison REITs

Market Weight

### Earnings Reported - First Look

	2015A	2016E	2017E
FFO		Curr. Prior	Curr. Prior
Q1 (Mar.)	\$0.68	\$0.60 A NC	\$0.66 NC
Q2 (June)	0.74	<b>0.69 A</b> <b>0.65</b>	0.69 NC
Q3 (Sep.)	0.64	0.68 NC	0.71 NC
Q4 (Dec.)	0.63	0.70 NC	0.71 NC
FY	\$2.69	\$2.63 NC	\$2.77 NC
CY	\$2.69	\$2.63	\$2.77
FY P/FFO	11.5x	11.8x	11.2x
Rev.(MM)	\$1,793	\$1,862	\$1,933

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters  
 NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful  
 V = Volatile, \* = Company is on the Priority Stock List

Ticker	CXW
Price (08/03/2016)	\$31.03
52-Week Range:	\$24-36
Shares Outstanding: (MM)	117.8
Market Cap.: (MM)	\$3,655.3
S&P 500:	2,163.79
Avg. Daily Vol.:	801,455
Dividend/Yield:	\$2.16/7.0%
LT Debt: (MM)	\$1,464.0
LT Debt/Total Cap.:	23.7%
ROE:	9.0%
3-5 Yr. Est. Growth Rate:	6.0%
CY 2016 Est. P/FFO-to-Growth:	2.0x
Last Reporting Date:	08/03/2016
	After Close

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters

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• **Summary.** We expect shares of CXW to underperform the peer group average following its quarterly earnings release last night. While the company reported Q2 Funds-From-Operations (FFO)/sh ahead of consensus/our estimate/mgmt's previously provided guidance range and increased the midpoint of full-year FFO and EBITDA (adjusted) guidance ranges, new disclosure around potential modifications to the company's current Immigration & Customs Enforcement (ICE) contract at its South Texas Family Residential Center is likely to weigh heavily on shares given its large EBITDA contribution (undisclosed by the company, but 20% by our estimates) and uncertainty around the magnitude of any changes. As it relates to the facility, CXW states in its release that it "can provide no assurance that we will be awarded a new contract for family unit detention."

• **Cibola County Corrections Center.** Announced earlier this week, the Bureau of Prisons (BOP) has decided not to renew its contract at CXW's Cibola County Corrections Center (1,129 beds) in New Mexico which expires on September 30th. CXW will idle the facility once vacant and is currently including a \$0.01 negative impact to 2016 FFO (one quarter).

• **Owned & Managed.** Q2 owned & managed facilities had 69,501 average available beds, down from the 71,296 in Q1. Average compensated occupancy of 76.2% was a marked increase from 71.5% in Q1, with the majority of the sequential bump due to the inmate ramp at Trousdale Turner, which is now 64.4% occupied versus 26.4% in Q1. Revenue per compensated man-day was slightly below Q1 levels, at \$83.43 versus \$83.73. Margins of 30.5% were up sequentially (from 28.7%) but down 30bps on a y/y basis (from 30.8%).

• **Guidance.** CXW updated its full-year 2016 "normalized" FFO/sh to a range of \$2.64-\$2.68 from a prior \$2.60-\$2.66, or a \$0.03 increase at the midpoint to account for the upside in Q2 and the expected \$0.01 negative impact related to Cibola. Adjusted EBITDA expectations were narrowed to \$414.0-\$420.5MM from \$410.5-\$421.0MM. The company's outlook contemplates California inmate populations leveling out in the 4,800-4,900 range. For the full-year, the company expects total capital expenditures at \$99-\$109MM, consisting of \$43-\$48MM of prison construction and land acquisitions, \$27MM of maintenance on real estate assets and \$29-\$34MM on information technology and other assets. Q3 2016 "normalized" FFO/sh is forecast at \$0.67-\$0.68, versus our estimate of \$0.68 and current consensus of \$0.67.

#### Valuation Range: \$32.00 to \$33.00

Our valuation range averages several different metrics including a 10-year discounted cash flow analysis, a 11.3% cap rate on forward 12-month NOI and a 12.0-12.5x 2017E FAD(AFFO). Risks to our thesis include a large, unexpected decline in U.S. prison populations, unforeseen contract terminations, weaker than expected per diem increases and any increased social backlash related to the idea of profiting from imprisonment.

#### Investment Thesis:

Corrections Corp. should continue to generate consistent FFO, AFFO and cash flow growth over the next several years, with its above-average dividend attractive to income investors. That said, weaker revenue growth (vs other REIT sectors), a limited acquisitions market, fair valuations and negative sentiment from a social responsibility investment perspective keep us from our highest rating at this time.

**Please see page 2 for rating definitions, important disclosures and required analyst certifications**

**All estimates/forecasts are as of 08/04/16 unless otherwise stated.**

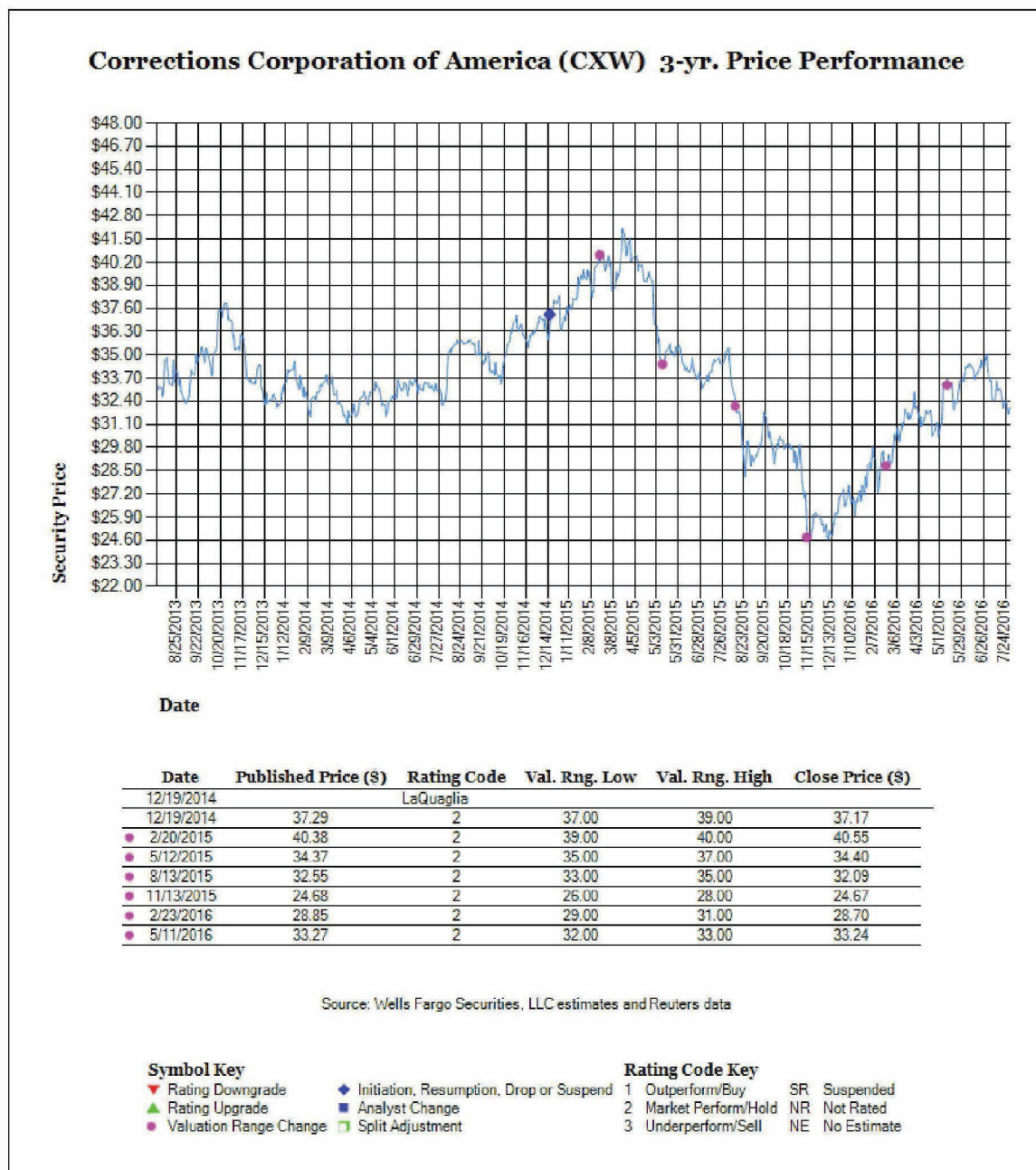
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**Company Description:**

Corrections Corporation of America (CXW) is the largest of two publicly traded prison REITs. The company is involved with the operation, management and development of correctional and detention facilities across the U.S., with over 88,000 beds. CXW is based in Nashville, TN.

**Required Disclosures****Additional Information Available Upon Request**



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**CXW:** Risks to our thesis include a large, unexpected decline in U.S. prison populations, unforeseen contract terminations, weaker than expected per diem increases and any increased social backlash related to the idea of profiting from imprisonment.

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As of: August 4, 2016

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